

**Department of Health and Human Services
Division of Licensing and Regulatory Services
State House, Augusta, Maine
Preliminary Analysis**

Date: 9/18/2007

Project: Proposal by Northern Maine Medical Center to purchase 7 beds and add 4,600sq. ft. addition to facility.

Prepared by: Phyllis Powell, Certificate of Need Manager
Larry Carbonneau, CPA, Health Care Financial Analyst

Directly Affected Party: None

Recommendation: APPROVAL

Estimated Capital Expenditure per Applicant	\$1,312,840
NF Component -	\$1,312,840
RCF Component -	\$0
Approved Capital Expenditure per CON	\$1,312,840
NF Allocation -	\$1,312,840
RCF Allocation -	\$0
Maximum NF Contingency per CON	\$65,612
Maximum RCF Contingency	\$0
Total Approved Capital Expenditure with Contingency	\$1,378,482

The following report is the Certificate of Need Unit's preliminary analysis and recommendations regarding the above-referenced proposal.

INTRODUCTION

I. Project Description

A. From Applicant

“Northern Maine Medical Center’s intent is to purchase the Maine Care revenue for 7 nursing home beds from Caribou Rehab and Nursing Center. Northern Maine Medical Center plans on placing these beds in a 4,600 square foot addition to its current long-term care facility in Fort Kent, Maine.”

The applicant provided the following information regarding the project:

“Northern Maine Medical Center is located at 194 East Main St., Fort Kent, Maine. It is a non-profit private corporation. Norman Fournier is Board President. Fred Wetmore is Vice-President. Norman Ouellette serves as Treasurer. Joan Sylvain is corporate secretary. Forest Hill is a 45-bed Skilled Nursing Facility that Northern Maine Medical Center owns. Northern Maine Medical Center is licensed in the State of Maine to operate a 49-bed acute care hospital. Forest Hill is a 45-bed licensed facility. Both facilities are state accredited and JCAHO accredited. Northern Maine Medical Center is a 49-bed acute care hospital and owns a 45-bed skilled nursing facility. Northern Maine Medical Center has 450 F.T.E.s and 650 employees. Peter Sirois was a Nursing Home Administrator at Borderview in Van Buren, Maine from 1991 to 1999.”

B. CONU Discussion

i. Criteria

The following criterion is applicable to this section:

Whether the services affected by the project will be accessible to all residents of the area proposed to be served. Accessibility is determined through analysis of the area including population, topography and availability of transportation and health services. [See Criterion C]

ii. Analysis

This project will not change the accessibility of the proposed services. Annual results for 2005 and 2006 verify that the applicant’s facility has maintained high utilization and that 7 additional beds are necessary at this institution to meet the projected growth in elderly population. The programs in place at the facility will be maintained assuring local access to high level nursing care for individuals. Northern Maine Medical Center intends to continue positioning itself as a health care facility that is responsive to the needs of the community it serves. At the same time, they are proposing a model that will allow continued economic viability of this critical community resource.

Current census figures and a waitlist at this and the other regional facilities indicate that the region is experiencing a strong demand for services. Further population growth, of the elderly in the St. John Valley over the next 8 years, as evidenced by census projections, indicate a 30%

increase in the number of elderly citizens. The only hospital within a 50 mile area is located across the street from the facility. Most of the health care resources in the community are provided by this hospital and its affiliates. Area residents go to Ft. Kent for needed services. The remainder of the service area is extremely rural.

II. Profile of the Applicant

A. From Applicant

“Forest Hill Manor is currently a 45-bed skilled/long-term care facility located at 25 Bolduc Avenue in Fort Kent, Maine.”

“Currently Forest Hill Manor is experiencing a longer waiting list for long-term care residents and the need to refuse admissions for skilled services. Patients of our service area are being forced to travel to skilled facilities 45 miles away from their home and care giver. With this anticipated addition of 7 beds, this will allow Northern Maine Medical Center the ability to admit patients to our facility and allow patients the ability to acquire healthcare close to home.”

“The plan is to build the needed addition for the added beds starting in October of 2007. Completion time for construction would be 6-months with an anticipated move-in date of April 1, 2008. This would allow Forest Hill Manor the ability to increase its licensed beds from 45 beds to 52 beds by April 1, 2008.”

“The service area that would be served with the addition of 7 additional beds would be to cover a resident catchment area of approximately 60 to 70 square miles. The surrounding towns served are the greater Fort Kent area from Allagash to Madawaska, Maine and southerly from Fort Kent to Eagle Lake, Maine. The surrounding demographic population is comprised of the following age category percentages based on the 2000 U.S. Census Bureau statistics: Ages 0-17 years old yields 20% of the population, ages 18-44 years old yields 30% of the population, ages 45 to 64 years old yields 31% of the population and ages 65 plus years old yields 19% of the population base.”

“Based on data within the U.S. Census Bureau statistics of 2000 it is projected that the elderly population, sixty-five (65) years and older within the State of Maine shall increase incrementally over the next consecutive 3 decades as follows: 2010 projections shall have a percentage change over 2000 statistics of 15.7%; 2020 projections shall have a percentage change over 2000 statistics of 60.3%; and 2030 projections shall have a percentage change over 2000 statistics of 103.9%. (See Exhibit #1). Therefore, it is an undisputed fact that with the increased number of individuals having greater life expectancies the demand for long-term care shall also increase exponentially throughout all areas within the state. It is important for Northern Maine Medical Center to be proactive and look to meet the demands of today and be ready to meet the ever-increasing needs of the future.”

“Local statistical information also correlates the same age breakdown shifts as the U.S. Census statistics have depicted. The local geographic area is projecting an 82.29% change in the 65+ population between the years 2000 and 2015. This goes to show that even in this geographical rural area we too shall encounter the same demand for placement and long-term care service needs as the rest of the State of Maine (See Exhibit #4).”

“Summarizing the population shift within the state through the next three decades is true to form that the baby boomers will have a significant impact on the demands for having a strong long-term care infrastructure that will be able to serve the numbers of individuals requiring institutional care versus other forms for traditional home-based care. Therefore, the local acquisition and control of this institution is vital to ensure the elderly in this geographic area of the state have adequate care for the present and the future.”

“Over the years Forest Hill Manor and Northern Maine Medical Center both have proven to have high quality standards and results as demonstrated in our last 3 state surveys and JCAHO certifications that I have enclosed in Section I for your review.”

“The additional equipment list is enclosed for an amount of \$121,496.73. This equipment represents the needed equipment for the bed addition, the kitchen, and nursing station renovations.”

“A 2-story addition will be added to the existing Forest Hill Manor addition. The first floor addition will have 10 private rooms, a day room, clean and dirty utility rooms, a shower room, and an ADA restroom. The basement will be for needed storage. Included in the construction will be the need to renovate the current kitchen/dining area. This has been a planned need for some time. The current kitchen is in desperate need of renovations due to many areas not ergonomically correct which have caused some employee injuries. The second need is the relocation and expansion of our nurses’ station and whirlpool room. Construction will be a 2-story brick building with a pitched asphalt roof. The interior construction will be of all material needed to pass all life safety codes and fire marshal and state review. The total square foot addition will be 9,200 square feet. Please see attached floor plan.” (*On file with CONU*)

“Land is currently owned by Northern Maine Medical Center and no additional land acquisition will be required. Current license for Forest Hill Manor is 45 duly licensed Medicare and Medicaid beds. The additional 7-beds will be duly licensed for Medicare and Medicaid. Forest Hill Manor will purchase 7-beds from Caribou Rehab and Nursing Center and transfer them to Forest Hill Manor in Fort Kent.”

B. CONU Discussion

i. Criteria

Relevant criteria for inclusion in this section are related to the needed determination that the applicant is fit, willing and able to provide the proposed services at the proper standard of care as demonstrated by, among other factors, whether the quality of any health care provided in the past by the applicant or a related party under the applicant’s control meets industry standards;

The following nursing facility-specific review criteria are relevant to this section:

Whether the quality of any health care provided by the applicant in the past meets industry standards. [See criterion G.]

That the project ensures high quality outcomes and does not negatively affect the quality of care delivered by existing service providers. [See Criterion B.]

Whether the project will provide demonstrable improvements in quality and outcome measures applicable to the services proposed in the project. [See Criterion H.]

ii. Analysis

The applicant filed a copy of the current license for the facility. Statements of deficiencies are *on file with CONU*. There are no management agreements for this facility. An organizational chart for the applicant is available and *on file at CONU*.

A survey of the facility was conducted on 5/9/2007. The survey team determined that the facility was in substantial compliance with Federal participation requirements for nursing homes.

The facility was found to be in substantial compliance with the State and Federal rules for providing care. All Statements of Deficiencies are on file with the Department. In general, the quality of care at this facility meets industry standards.

iii. Conclusion

CONU recommends that the Commissioner find that the applicant is fit, willing and able to provide the proposed services at the proper standard of care as demonstrated by, among other factors, whether the quality of any health care provided in the past by the applicant or a related party under the applicant's control meets industry standards.

III. Capital Expenditures & Financing

A. From Applicant

“The total purchase for the Assets shall be approximately one million three hundred and twelve thousand eight hundred and forty dollars (\$1,312,840). The parties agree that approximately one million dollars (\$1,000,000) of the project shall be paid by Rural Development and the remaining three hundred and twelve thousand eight hundred and forty dollars (\$312,840) will be paid out directly by the institution. (See Attachment 3-1 and 3-5)”

“Forest Hill currently has the appropriate level of staffing required to perform the services required and the economic labor force within the Forest Hill catchment area is healthy to sustain ongoing employment opportunities to qualified and interested individuals seeking gainful employment. Refer to Exhibit #2 source data from the NMDC geographic census survey of 2004 which clearly delineates 44.58% of the population is active in the labor force.”

“Forest Hill Manor is currently a licensed Medicare and Medicaid facility in good standing. Northern Maine Medical Center will continue to operate Forest Hill Manor in a same quality manner. Northern Maine Medical Center has proven itself as a quality business in good standing with Medicare and Medicaid. Both Northern Maine Medical Center and Forest Hill have and will continue to demonstrate a high-quality organization.”

“Forest Hill Manor currently meets all zoning requirements, environmental protection regulations, and all other applicable municipal, state, federal ordinances, statutes and regulations. Forest Hill has been doing business in its present location since 1970 and will continue doing business in this same location.”

“NMMC is committed to operating Forest Hill Manor in the same professional manner it operates its acute care hospital and medical practices. Northern Maine Medical Center has been doing business in the St. John Valley since 1952 and has never had any Type I sanctions imposed against any of its operations. The Board of Trustees oversees all of the operations including Forest Hill and is committed to keeping the same high quality standard of professionalism and quality.”

B. CONU Discussion

i. Criteria

The following review criterion is applicable to this section:

That economic feasibility of the proposed services is demonstrated in terms of:

1. The capacity of the applicant to support the project financially over its useful life, in light of the rates the applicant expects to be able to charge for the services to be provided by the project; and
2. The applicant’s ability to establish and operate the project in accordance with existing and reasonably anticipated future changes in federal, state and local licensure and other applicable or potentially applicable rules

Whether the project is financially feasible in both an intermediate and long-term time frame. [See criterion E.]

Whether the project would produce a cost benefit in the existing health care system of the State and the area in which the project is proposed. [See criterion F.]

ii. Analysis

The applicant plans to purchase the MaineCare revenue stream for 7 beds from Caribou Nursing Home. In a letter included in the record, \$400,112 in MaineCare revenue was made available for this project through the acquisition of the bed rights. These revenue sources were determined by comparing Caribou’s current rate to its expected new rate once the beds are transferred.

Capital needs are expected to be satisfied from two sources. The first is a loan through Rural Development (Department of Agriculture) for \$1,000,000. The remaining funds are expected to be available from internal sources. The September 30, 2006 audited financial report indicates over \$3,732,616 in cash and cash equivalents. This is equivalent to 32 days cash on hand. This project will consume approximately 3 days cash on hand.

Staffing for the additional space will include approximately 12,168 hours or 5.85 FTE's of which 4.85 FTE's will be in direct care positions.

Expenditures

Building Costs	\$1,078,508
Legal & Professional Costs	65,642
Equipment	21,492
Purchase of Bed Rights (Not Reimbursable)	<u>112,840</u>
	\$1,378,482

Sources of Funds for the Project

Financing	\$1,000,000	73%
Equity	<u>378,482</u>	<u>27%</u>
	\$1,378,482	100%

Uses of Resources

Equipment for this project includes out-fitting 10 new beds and support space with the largest single expenditure of \$12,000 for an icemaker.

Eligible depreciation from this project is calculated at \$66,126 annually.

Additional Staffing Requirements are expected to be \$202,325 in Direct Care Costs:

66,176	Depreciation
202,325	Direct Care Costs
<u>23,638</u>	Routine Care Costs
291,819	New Costs for the Facility
<u>x.75</u>	(% of Maine Care Occupancy of Existing Facility)
218,865	Maine Care Resources Expended
<u>400,113</u>	Maine Care Resources Available
\$181,248	Maine Care Savings

This project includes a Maine Care savings of \$181,248, which will be included in the MaineCare Funding Pool for Nursing Facility Projects.

This project meets the requirements for MaineCare neutrality.

The applicant reported its payer mix for the past 3 years as follows:

	Occupancy	MaineCare	Medicare	Private Pay	TOTAL
2006	97%	74.3%	21.4%	4.3%	100.0%
2005	92%	74.9%	21.0%	4.1%	100.0%
2004	93%	70.0%	20.5%	9.6%	100.0%

As of September 1, 2007, the applicant reported a wait list of 17 patients awaiting a bed at the facility.

Forest Hill Manor is currently a licensed Medicare and Medicaid facility in good standing. The programs at Northern Maine Medical Center have been certified by the Joint Commission. The applicant will meet all zoning requirements in the community and is committed to operating Forest Hill Manor. Its board of Trustees oversees all the operations of both the hospital and the nursing home and maintains the same standards for operations for both.

iii. Conclusion

CONU recommends that the Commissioner find that the economic feasibility of the proposed services is demonstrated in terms of:

1. The capacity of the applicant to support the project financially over its useful life, in light of the rates the applicant expects to be able to charge for the services to be provided by the project; and
2. The applicant's ability to establish and operate the project in accordance with existing and reasonably anticipated future changes in federal, state and local licensure and other applicable or potentially applicable rules;

IV. Needs to be Met

A. From Applicant

The applicant provided the following:

“Forest Hill Manor has always enjoyed the benefits of having a very healthy census and strong waiting list. Reference to (Attachment #6) on historical and projected census statistics clearly supports the strong past, current and future facility utilization. Forest Hill Manor has been an iconic facility within the St. John River Valley region for well over 35 years. The family oriented care that is provided has given rise to the desire of many elderly wishing to reside at this facility when long-term care services are required. Current demands along with U.S. Census Bureau statistics that clearly indicate a significant rise in the 65+ age bracket within the next 10-15 years give positive assurance that if Forest Hill is managed effectively, as has been in the past, utilization shall not be an issue.”

“Within our geographic location we are served by one local community hospital located in Fort Kent, Maine, which serves as one of the main feeder systems within the continuum of care. Northern Maine Medical Center discharges patients who require either LTC or SNF care to five (5) various long-term care (LTC) facilities within the valley; coupled with admissions generated directly from the community all area nursing homes are at full to near full capacities. The demand for this continued type of care is required at the present service level due to increased life expectancies in our geriatric population, which have been precipitated by healthcare improvements that have enhanced the lives of our elderly and lead to greater life expectancies. The National Census Bureau's statistics project increases in the 65+ age group throughout our state and country which provides strong evidence that the need currently exists and will so exponentially in the future years to come (See Exhibit #1).”

“Letter of support was enclosed from the Town of Fort Kent.” (*On file with CONU*):

“It is rather apparent by the census levels of the past several years along with the U.S. Census Bureau projections that the need exists to have Forest Hill Manor continue being a viable entity within the geographic communities it currently serves. With the projected 82.29% growth in the elderly population within the next seven to ten years it is evident that the demand will necessitate the increase in existing supply of beds in the area.”

The project data from the U.S. Census Bureau demonstrates the continued growth of elderly in the St. John Valley. These long-term care beds are extremely vital to our area elderly which by 2015 will have grown by 30%. During this growth there will develop a shortage of long-term beds that will need to be addressed in the future in collaboration with the Department of Human Services.”

“The ongoing presence Forest Hill Manor has within the Healthcare community with its strong historical in-house census numbers coupled with a healthy waiting list and ever-increasing elderly population census within the communities Forest Hill Manor shall only continue to help carry the demand placed on the need for long-term care placement either from home or post discharge from the acute facility setting. The addition of 7 long-term care beds to this rural geographic area will have such a positive effect on meeting the healthcare needs of many.”

“The purchase of the additional beds for Forest Hill will not satisfy the projected growth shown by the U.S. Census Bureau. This purchase will guarantee that these 7 long-term care beds remain in the St. John Valley where there is a projected growth of 30% age 65 and older. With increasing demand in licensed beds in the state of Maine nursing home beds are being gobbled up by entrepreneurs of Southern Maine and removed from rural areas of Maine. That is why it is so very vital or even crucial that this purchase allows these 7 beds in the St. John Valley.”

“These projections are derived from the U.S. Census Bureau and information gathered through the local town historical data (See Exhibit 2).”

“There are no deficiencies and/or waivers related to licensing certification accreditation or liability coverage that will be resolved due to this project.”

“Forest Hill Manor has in place a Quality Improvement plan within its facility that staff uses a constant gauge to monitor potential quality of care issues. This QI process reviews various care issues such as prevalence of dehydration, fecal impaction, pressure ulcers, and falls to name a few. The Quality Assurance/Quality Improvement team meets on a monthly basis to review trends and outcomes to preventive measures implemented. On a daily basis the RCC nurse reviews quality measures for MDS/Care Plan purposes and makes necessary procedural modifications with assistance of other facility nursing staff to assure continual quality improvement is achieved. It is the intent to have NMMC’s Quality Assurance Coordinator work on a consultative basis to provide further guidance and insight on methodologies and procedures that will positively add value to the already existing program in place”

B. CONU Discussion

i. Criteria

That there is a public need for the proposed services as demonstrated by certain factors, including but not limited to:

1. Whether, and the extent to which the project will substantially address specific health problems as measured by health needs in the area to be served by the project;
2. Whether the project will have a positive impact on the health status indicators of the population to be served;
3. Whether the services affected by the project will be accessible to all residents of the area proposed to be served; and
4. Whether the project will provide demonstrable improvements in quality and outcome measures applicable to the services proposed in the project.

The following criteria are applicable:

1. Whether the project will substantially address specific problems or unmet needs in the area to be served by the project. [See criterion A.]
2. Whether the project will have a positive impact on the health status indicators of the population to be served. [See criterion B.]

ii. Analysis

Services will remain in place and the applicant will ensure that these services continue in the community. Northern Maine Medical Center is a critical component of the integrated health care continuum offered in the service area. Patients seek primary and specialty care from their network of providers. Patients access ancillary, emergency, outpatient services, acute inpatient and behavioral care from Northern Maine Medical Center. Reportedly, the skilled component of long term care is evolving into a much more dynamic environment. The applicant reports that length of stay has decreased because of this as well as increased management of length of stay. While the intermediate level of long term care continues to follow a more traditional, static pace, skilled nursing care is presenting much more significant management and facility challenges.

Historically, Forest Hill Manor has had a full census and waiting list. Historical and projected census statistics clearly support the past, current and future facility utilization. It has been a well known facility within the St. John River Valley region for over 35 years. The family oriented care that is provided has given rise to the desire of many elderly wishing to reside at this facility when long-term care services are required. Current demands, along with U.S. Census Bureau statistics that clearly indicate a significant rise in the 65+ age bracket within the next 10-15 years, provide positive projections that Forest Hill will meet the future needs of the community.

Within the geographic location, the area is served by one local community hospital that serves as one of the main feeder systems within the continuum of care. Northern Maine Medical Center discharges patients who require either LTC or SNF care to five (5) various long-term care (LTC) facilities within the valley. All area nursing homes are at full or near full capacity. The demand for this continued type of care is required at the present service level due to increased life expectancies in the geriatric population, which has been precipitated by advances in healthcare.

The National Census Bureau's statistics project increases in the 65+ age group throughout the state and country which provides evidence that the need exists and will grow exponentially.

Census levels of the past several years combined with the U.S. Census Bureau projections support the need for having Forest Hill Manor to continue to be a viable entity within the geographic communities it currently serves. With the projected 82.29% growth in the elderly population within the next seven to ten years it is evident that the demand will necessitate the increase in existing supply of beds in the area.

Projections from the U.S. Census Bureau demonstrate the continued growth of elderly in the St. John Valley. These long-term care beds are extremely vital to area elderly. During this growth there is the potential for a shortage of long-term beds that will need to be addressed in the future. The addition of 7 long-term care beds to this rural geographic area will have a positive effect on meeting healthcare needs.

Forest Hill Manor has a Quality Improvement plan in place that staff use to monitor quality of care issues. This QI process reviews a variety of care issues such as prevalence of dehydration, fecal impaction, pressure ulcers, and falls. The Quality Assurance/Quality Improvement team meets on a monthly basis to review trends and outcomes including preventive measures implemented. On a daily basis the RCC nurse reviews quality measures for MDS/Care Plan purposes and with assistance from other nursing staff makes necessary procedural modifications to assure continuous quality improvement is achieved. It is the intent to have NMMC's Quality Assurance Coordinator provide further guidance and insight on methodologies and procedures that will add value to the program.

iii. Conclusion

CONU recommends that the Commissioner find that there is a public need for the proposed services as demonstrated by certain factors, including but not limited to:

1. Whether, and the extent to which the project will substantially address specific health problems as measured by health needs in the area to be served by the project;
2. Whether the project will have a positive impact on the health status indicators of the population to be served;
3. Whether the services affected by the project will be accessible to all residents of the area proposed to be served; and
4. Whether the project will provide demonstrable improvements in quality and outcome measures applicable to the services proposed in the project.

V. Alternatives Considered

A. From Applicant

"The need to add additional beds has been a topic of discussion for Forest Hill Manor and for Northern Maine Medical Center for several years. We have noticed an increase in the waiting list for Forest Hill and days waiting placement at Northern Maine Medical Center. We have attempted to purchase additional beds several times and each time we were not successful. In the previous graphs we have shown the increase in the elderly population since 2000 and the

anticipated increase till 2014 of 30%. We believe the only alternative to this bed shortage is to acquire local beds to make certain they remain in the area.”

“Northern Maine Medical Center has worked closely with area nursing homes and residential care facilities in our dilemma of increased elderly population. Two area businessmen have built new residential care facilities and have increased beds for residential care which is a big plus to meet this void. However, in the area of skilled and long-term care we see no one else looking to accommodate this shortage.”

“In our service area other long-term care facilities are converting beds into residential care facility beds to meet that shortage. We on the other hand, due to our proximity to the only hospital within 50 miles are looking to make certain there will be the adequate number of long-term care beds to meet the growing need as demonstrated in the previous graphs from the census bureau.”

“In Forest Hill’s catchment area all long-term care facilities have a waiting list. This demonstrates the need for these additional beds and the non-effect on competition.”

B. CONU Discussion

i. Criteria

Relevant criteria for inclusion in this section are that the proposed services are consistent with the orderly and economic development of health facilities and health resources for the State as demonstrated by: the impact of the project on total health care expenditures after taking into account, to the extent practical, both the costs and benefits of the project and the competing demands in the local service area and statewide for available resources for health care. The availability of state funds to cover any increase in state costs associated with utilization of the project’s services; and the likelihood that more effective, more accessible or less costly alternative technologies or methods of service delivery may become available. Additionally a further criterion is whether there are less costly or more effective alternate methods of reasonably meeting identified health service needs of the project. [See criterion D.]

ii. Analysis

The need to add additional beds has been a topic of discussion for Forest Hill Manor and for Northern Maine Medical Center for several years. They have noticed an increase in the waiting list for Forest Hill and days waiting placement at Northern Maine Medical Center. Several successful attempts have been made to purchase additional beds. There has been an increase in the elderly population since 2000 with an anticipated increase through 2014 of 30%.

Northern Maine Medical Center has worked closely with area nursing homes and residential care facilities in meeting the needs caused by the dilemma of an increased elderly population. Two area businessmen have built new residential care facilities and have increased beds for residential care which is a positive step toward meeting this need. However, in the area of skilled and long-term care the applicant is reportedly alone in attempts to increase capacity.

Within the service area other long-term care facilities have converted beds into residential care facility beds to meet the existing shortage. The applicant is looking to make certain there will be an adequate number of long-term care beds to meet the growing need. In Forest Hill's service area all long-term care facilities have a waiting list. This demonstrates the need for these additional beds. The lower operating costs at Forrest Hill Manor will provide a savings to the Maine Care system.

iii. Conclusion

CONU recommends that the Commissioner determine that the proposed services are consistent with the orderly and economic development of health facilities and health resources for the State.

VI. State Health Plan

A. From Applicant

"We are pleased to see that the state health plan unveiled a plan that is not only the state's roadmap for making Maine the healthiest state in the nation but the St. John Valley. In the health plan it calls upon each of us individuals, families, communities, businesses, government, health care providers, and professionals to work together to make sure we reduce the need for costly healthcare whenever possible and make sure that all of us have the healthiest and happiest future possible. Reading this excerpt from the plan makes us pleased that Northern Maine Medical Center has and continues to have the same philosophy. We at Northern Maine Medical Center continue to strive in maintaining healthy lifestyles and encourage residents to age in place without the need to be moved away in times of illness or rehabilitation."

"Northern Maine Medical Center has developed many programs for our young and not so young. For the purpose of this document we will concentrate on the elderly. According to the State Health Plan age group and the population both in Maine and nationally the baby boomer generation, in which now largely are in there 40s and 50s, the proportion of elderly in the Maine population will continue to grow as the baby boomers become seniors. It continues to illustrate those special circumstances could cause population shifts that would create sudden disruptions."

"On a local scale the construction or closure of a nursing home or elderly housing development in a small town where none did exist or does exist would result in a sudden and drastic decrease or increase in the population of care for this important age group."

"Maine's population is the third oldest in the nation. Only Florida and West Virginia is the median age of the state population higher. Further, Maine's population is aging faster than that of other states. The median age increased by almost 5 years raising from 33.9 in 1990 to 38.6 in 2000. The number of elderly in Maine has been growing more than 3 times the overall rate of population growth increasing by more than 20,000 per decade since 1980. In 2000 Maine had the 7th highest portion of population age 65 and over in the nation."

MAINE ELDERLY POPULATION TRENDS

	1980	1990	2000
Population 65 plus	140,918	162,862	183,402
Percent of 65 plus	12.5%	13.3%	14.4%

	1980-1990	1999-2000
Growth Rate Elderly Population	15.6	12.6
Total Population	9.2	3.8

Source: Maine Health Plan

“Maine’s growth in elderly population can be viewed as the result of natural factors such as longer life expectancy with a sharp raise in the number of very old aged 65 plus. That is why Northern Maine Medical Center is alarmingly concerned about the value of long-term beds in the St. John Valley. The importance of maintaining a stabilization of beds is crucial to the growing population of elderly in our area.”

“Northern Maine Medical Center has seen a sample of what is in store for our area as the elderly population continues to grow in our region. We have been seeing a significant increase in patients waiting placement for long-term care beds. Every nursing home in our area has an increased waiting list and we are beginning to see the impact of increase in the elderly population moving to our area and aging in place. The State Health Plan has specific priorities set forth and the first on the priority list is projects that project public health and safety are utmost important projects that directly and unambiguously protect the public’s health and safety are assigned the highest priority on the current environment where resources are constrained. Projects that center on redirection of resources and focus toward population based health and prevention, such efforts address our state’s largest area of need. This includes addressing at a population level as opposed to an individual patient level. The most significant health challenges facing Maine cardiovascular disease, cancer, chronic lung disease, diabetes, depression, drug addiction projects that specifically incorporate as a primary component of the initiative for which approval is being sought. A comprehensive scope of concern including prevention, early detection, treatment of rehabilitation of chronic conditions especially cardiovascular disease, cancer, lung disease, diabetes, and depression. Such efforts will contribute to efforts to implement the care model across our communities and will encourage appropriate utilization of resources and maximize patient outcomes.”

“The other priority was projects that contribute to lower cost of care and increase efficiencies are also high priorities. The rate at which spending on healthcare is increasing in the state is unsustainable given current economic constraints. Projects that clearly demonstrate that they will generate cost savings either through verifiable increased operational efficiencies or through strategies that will lead to lower demand for high-cost services in the near and long term should be given a very high priority during the competitive review process.”

“These 2 priorities are exactly what Northern Maine Medical Center is committed to accomplish. We have made our mission to sustain the vital healthcare needs of patients in the St. John Valley. Forest Hill Manor is one of those very important pieces of this continuum of care. It is vital that these 43 beds remain in the St. John Valley and continue for many years to allow the elderly the ability to stay in their home environment around family, friends, and their healthcare providers.

Through the C.O.N. application we have proven the need, the cost effectiveness, and the public interest for health and safety are crucial to the elderly in the St. John Valley. The State Health Plan clearly identifies these challenges and we at Northern Maine Medical Center would like to assure that this environment does not change for the worse.”

B. CONU Discussion

i. Criterion

The criterion discussed in this section is that the project is consistent with the State Health Plan.

ii. Analysis

The proportion of elderly in the Maine population will continue to grow as the baby boomers become seniors.

Maine’s population is the third oldest in the nation. Only in Florida and West Virginia is the median age of the state population higher. Further, Maine’s population is aging faster than that of other states. The median age increased by almost 5 years raising from 33.9 in 1990 to 38.6 in 2000. The number of elderly in Maine has been growing more than 3 times the overall rate of population growth increasing by more than 20,000 per decade since 1980. In 2000 Maine had the 7th highest portion of population age 65 and over in the nation.

The mission is to sustain the vital healthcare needs of patients in the St. John Valley. Forest Hill Manor is a very important piece of this continuum of care. It is vital that these 43 beds remain in the St. John Valley and continue for many years to allow the elderly the ability to stay in their home environment around family, friends, and their healthcare providers. The public interest for health and safety are crucial to the elderly in the St. John Valley. The State Health Plan clearly identifies these challenges and Northern Maine Medical Center would like to assure that this environment does not worsen.

iii. Conclusion

CONU recommends the Commissioner determine that the project is consistent with the State Health Plan as demonstrated by the applicant.

VII. Outcomes And Community Impact

A. From Applicant

“The ongoing presence Forest Hill Manor has within the Healthcare community with its strong historical in-house census numbers coupled with a healthy waiting list and ever-increasing elderly population census within the communities Forest Hill Manor shall only continue to help carry the demand placed on the need for long-term care placement either from home or post discharge from the acute facility setting. The addition of 7 long-term care beds to this rural geographic area will have such a positive effect on meeting the healthcare needs of many.”

“The purchase of the additional beds for Forest Hill will not satisfy the projected growth shown by the U.S. Census Bureau. This purchase will guarantee that these 7 long-term care beds remain in the St. John Valley where there is a projected growth of 30% age 65 and older. With increasing demand in licensed beds in the state of Maine nursing home beds are being gobbled up by entrepreneurs of Southern Maine and removed from rural areas of Maine. That is why it is so very vital or even crucial that this purchase allows these 7 beds in the St. John Valley.”

B. CONU Discussion

i. Criterion

1. That the project ensures high quality outcomes and does not negatively affect the quality of care delivered by existing service providers;
2. That the project ensures high quality outcomes and does not negatively affect the quality of care delivered by existing service providers. [See Criterion B.]

ii. Analysis

The project does not entail any changes to its NF care program. The current administrator is expected to remain. By increasing the population of beds at Forrest Hill, the facility will be able to ensure that beds that may otherwise have moved out of the general area are maintained to serve the needs of the geriatric population of the St. John Valley.

iii. Conclusion

CONU recommends that the Commissioner determine that the project ensures high-quality outcomes and does not negatively affect the quality of care delivered by existing service providers.

VIII. Service Utilization

A. From Applicant

“Northern Maine Medical Center has seen a sample of what is in store for our area as the elderly population continues to grow in our region. We have been seeing a significant increase in patients waiting placement for long-term care beds. Every nursing home in our area has an increased waiting list and we are beginning to see the impact of increase in the elderly population moving to our area and aging in place. The State Health Plan has specific priorities set forth and the first on the priority list is projects that project public health and safety are utmost important projects that directly and unambiguously protect the public’s health and safety are assigned the highest priority on the current environment where resources are constrained. Projects that center on redirection of resources and focus toward population based health and prevention, such efforts address our state’s largest area of need. This includes addressing at a population level as opposed to an individual patient level. The most significant health challenges facing Maine cardiovascular disease, cancer, chronic lung disease, diabetes, depression, drug addiction projects that specifically incorporate as a primary component of the initiative for which

approval is being sought. A comprehensive scope of concern including prevention, early detection, treatment of rehabilitation of chronic conditions especially cardiovascular disease, cancer, lung disease, diabetes, and depression. Such efforts will contribute to efforts to implement the care model across our communities and will encourage appropriate utilization of resources and maximize patient outcomes.”

B. CONU Discussion

i. Criterion

Relevant criterion for inclusion in this section are specific to the determination that the project does not result in inappropriate increases in service utilization, according to the principles of evidence-based medicine adopted by the Maine Quality Forum. [See Criterion G]

ii. Analysis

Northern Maine Medical Center has experienced an increased need for services as the region’s elderly population continues to grow. The applicant has experienced a significant increase in patients waiting placement for long-term care beds. Every nursing home in the area has a waiting list and is beginning to see the impact of the increased elderly population. Additionally, the applicant has seen an increase in the elderly population moving to the area and aging in place. Over utilization of service needs is not expected as the demand exists for these services already.

iii. Conclusion

CONU recommends that the Commissioner determine that the project does not result in inappropriate increases in service utilization, according to the principles of evidence-based medicine adopted by the Maine Quality Forum.

IX. Timely Notice

A letter of intent was filed June 1, 2007.

The application was provided to CONU on July 17, 2007.

Notice regarding the beginning of a review of this project was in the Kennebec Journal on July 25, 2007, and the Bangor Daily News on July 24, 2007.

A public information meeting was held at the facility on August 3, 2007.

No members of the public attended nor provided comment. All appropriate notice requirements have been met.

X. Findings and Recommendations

Based on the preceding analysis, the CONU makes the following findings and recommendations:

- A. That the applicant is fit, willing and able to provide the proposed services at the proper standard of care as demonstrated by, among other factors, whether the quality of any health care provided in the past by the applicant or a related party under the applicant's control meets industry standards;
- B. That economic feasibility of the proposed services is demonstrated in terms of:
1. The capacity of the applicant to support the project financially over its useful life, in light of the rates the applicant expects to be able to charge for the services to be provided by the project; and
 2. The applicant's ability to establish and operate the project in accordance with existing and reasonably anticipated future changes in federal, state and local licensure and other applicable or potentially applicable rules;
- C. That there is a public need for the proposed services as demonstrated by certain factors, including but not limited to:
1. Whether, and the extent to which the project will substantially address specific health problems as measured by health needs in the area to be served by the project;
 2. Whether the project will have a positive impact on the health status indicators of the population to be served;
 3. Whether the services affected by the project will be accessible to all residents of the area proposed to be served; and
 4. Whether the project will provide demonstrable improvements in quality and outcome measures applicable to the services proposed in the project.
- D. That the proposed services are consistent with the orderly and economic development of health facilities and health resources for the State as demonstrated by:
1. The impact of the project on total health care expenditures after taking into account, to the extent practical, both the costs and benefits of the project and the competing demands in the local service area and statewide for available resources for health care;
 2. The availability of state funds to cover any increase in state costs associated with utilization of the project's services; and
 3. The likelihood that more effective, more accessible or less costly alternative technologies or methods of service delivery may become available;

In making a determination under this subsection, the Commissioner shall use data available in the state health plan, data from the Maine Health Data Organization established in Title 22, Chapter 1683 and other information available to the Commissioner. Particular weight must be given to information that indicates that the proposed health services are innovations in high quality health care delivery, that the proposed health services are not available in the proposed area and that the facility proposing the new health services is designed to provide excellent quality health care.

The decision must be based solely on a review of the record. The Commissioner shall approve an application if she determines that the project meets the criteria set forth above, and:

- E. That the project is consistent with the State Health Plan.
- F. That the project ensures high quality outcomes and does not negatively affect the quality of care delivered by existing service providers;
- G. Does not result in inappropriate increases in service utilization, according to the principles of evidence-based medicine adopted by the Maine Quality Forum

Based upon the findings cited above, the CONU recommends **APPROVAL** of this project.